

EXHIBIT E

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UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

-----X
ARUBA HOTEL ENTERPRISES N.V.,

Plaintiff,

-against-

3:07 Civ. 1297 (JCH)

MICHAEL BELFONTI, MCR PROPERTY MANAGEMENT, INC.
and CEB IRREVOCABLE TRUST,

Defendants.
-----X

May 27, 2008
10:05 a.m.

Deposition of VICTORIA CARPENTER,
held at the offices of Proskauer Rose, LLP, 1585
Broadway, New York, New York, before Nicole
Cannistraci, a Notary Public within and for the
State of New York.

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A p p e a r a n c e s:

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1
2
3 IT IS HEREBY STIPULATED AND
4 AGREED, by and between the attorneys for the
5 respective parties hereto, that the sealing
6 and filing of the within deposition be
7 waived, that such deposition may be signed
8 and sworn to before any officer authorized to
9 administer an oath with the same force and
10 effect as if signed and sworn to before a
11 Justice of this Court.
12

13
14 IT IS FURTHER STIPULATED AND AGREED
15 that all objections, except as to form, are
16 reserved to the time of trial.
17

18
19 IT IS FURTHER STIPULATED AND AGREED
20 that the within examination and any
21 corrections thereto may be signed before any
22 Notary Public with the same force and effect
23 as if signed and sworn to before this Court.
24
25

1 Victoria Carpenter

2 V I C T O R I A C A R P E N T E R, having been
3 first duly sworn by Nicole Cannistraci, a Notary
4 Public of the State of New York, was examined and
5 testified as follows:

6 EXAMINATION

7 BY MR. MERVIS:

8 Q. Good morning, Ms. Carpenter.

9 A. Good morning.

10 Q. Have you ever had your
11 deposition taken before?

12 A. Yes.

13 Q. How many times?

14 A. Twice.

15 Q. When was the first time that
16 you had your deposition taken?

17 A. When I was getting divorced.

18 Q. The second time?

19 A. During a medical malpractice
20 suit.

21 Q. When was that?

22 A. Roughly 2000.

23 Q. Were you a party in that
24 lawsuit?

25 A. Yes, I was.

1 Victoria Carpenter

2 Q. When you started at MCR, what
3 was your position?

4 A. Staff accountant.

5 Q. That was at a time when your
6 license was not in effect, your CPA license?

7 A. Correct.

8 Q. Were there any other accountant
9 personnel employed by MCR in 2003 when you
10 started there?

11 A. Yes.

12 Q. How many?

13 A. Two full-time, one part-time.

14 Q. And did your job position at
15 MCR change as time went forward?

16 A. Yes.

17 Q. What was the first such change?

18 A. My position was from staff
19 accountant to controller.

20 Q. So you went from -- one job
21 change, basically?

22 A. Yes.

23 Q. And you are still controller
24 today?

25 A. Yes.

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1 Victoria Carpenter

2 Belfonti family entities.

3 BY MR. MERVIS:

4 Q. You have been the controller at
5 MCR from November 2006 up to today?

6 A. Yes.

7 Q. Starting in April 2006, did you
8 perform services on behalf of any company other
9 than MCR?

10 A. Yes.

11 Q. Tell me the names of the
12 companies, to the best that you can recall, that
13 you performed services for other than MCR from,
14 let's say, April 2006 right up through today.

15 A. I will not be able to list all
16 of them, but I will give you as many as I can
17 think of. Aruba Hotel Enterprises, Diamond
18 Gaming, Groton. That's one of the residential
19 real estate. I don't remember its legal name.

20 Q. But you call it Groton?

21 A. Yes. Briarwood,
22 B-R-I-A-R-W-O-O-D, Brookside, Enfield,
23 E-N-F-I-E-L-D, Woods, and various other ones.

24 Q. Aruba Hotel Enterprises,
25 approximately from when to when did you perform

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2 services for or on behalf of that entity?

3 A. From approximately May of '06
4 through April of '07.

5 Q. And Diamond Gaming Corporation,
6 from approximately when to when did you perform
7 services for or on behalf of that entity?

8 A. Later in '06, I can't give you
9 a specific date, through the present.

10 Q. When you say later in '06, did
11 you perform any services for or on behalf of
12 Diamond Gaming prior to December of 2006?

13 A. Yes.

14 Q. What kind of services did you
15 perform -- let's back up. What was the nature
16 of the services that you performed for or on
17 behalf of Aruba Hotel Enterprises? Take your
18 time.

19 A. When the Aruba Hotel
20 Enterprises was purchased by Belfonti entities,
21 I assisted with matters regarding budgets, how
22 the mechanics of the cash management agreement
23 would work, how the operating agreement would
24 work, the issues regarding the partnership, PIP,
25 which is the property improvement plan, issues

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2 regarding cash flow, issues regarding mortgage
3 payments, funding, funding to Aruba.

4 Q. Sorry?

5 A. Mortgage payments and the cash
6 flow between Aruba and Wachovia, Wachovia and
7 Aruba. That's all I can think of right now.

8 Q. During this time that you
9 were -- was your only -- during the time that
10 you were performing services for Aruba -- we'll
11 shorthand it and call it AHE, okay?

12 A. Okay.

13 Q. During the time that -- during
14 the time you were performing services for AHE,
15 your sole employer was MCR?

16 A. Yes.

17 Q. How did you come to be
18 performing services for AHE?

19 A. As an MCR employee, I did
20 service for -- services for any of the Belfonti
21 entities.

22 Q. AHE was one of the entities
23 that owned one of the properties that was part
24 of the Belfonti real estate holding; is that
25 right?

1 Victoria Carpenter

2 research and tried to put the deal together.

3 Q. BCP's offices are in New York
4 City?

5 A. Yes.

6 Q. Did you ever hold a position
7 with BCP, as far as you know?

8 A. My employment is MCR.

9 Q. Did you act as the controller
10 of BCP?

11 MR. SLOSSBERG: Objection to
12 form.

13 BY MR. MERVIS:

14 Q. Fair enough. If you can
15 answer?

16 A. Yes.

17 Q. In acting as BCP's controller,
18 what were your duties and responsibilities?

19 A. There was very -- it would be
20 the kind of normal operating tasks of any
21 company as far as assuring that payables were
22 paid on time, rent was paid on time, funds were
23 transferred to that company as needed, preparing
24 information for reporting.

25 Q. Funds were transferred to that

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2 company as needed, the company being what?

3 A. Belfonti Capital Partners.

4 Q. Transferred from where?

5 A. Various other Belfonti
6 entities.

7 (Letter dated August 21,
8 2007 marked Carpenter Exhibit 1 for
9 identification.)

10 BY MR. MERVIS:

11 Q. Ms. Carpenter, the reporter has
12 placed in front of you what we've had marked for
13 identification as Carpenter Exhibit 1. Take as
14 much time as you need, but my first question to
15 you on this is whether you recognize this
16 document or any page in the document.

17 A. Okay.

18 Q. Do you recognize the document
19 or any of its pages?

20 A. No.

21 Q. You've never seen it before?
22 That includes the chart on the last page?

23 A. It's that specific chart I
24 don't recognize.

25 Q. You can put this aside.

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2 knowledge, independent of those
3 conversations, that the loan came
4 from the source that was testified
5 to, you can provide that. Just don't
6 provide information that you may have
7 learned during discussions with
8 lawyers. Does that make sense?

9 THE WITNESS: Yes.

10 BY MR. MERVIS:

11 Q. Does that change your answer in
12 any way?

13 A. My understanding was that the
14 loans were from Belfonti Capital, but that the
15 funds flowed through from other entities or
16 perhaps were sent directly from other entities,
17 but the intention was they were Belfonti
18 Capital.

19 Q. My question was, from where did
20 you form that understanding?

21 A. My general understanding of how
22 the Belfonti companies transferred funds between
23 companies.

24 Q. What's your general
25 understanding?

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2 A. My general understanding is
3 that when an entity needs money and another
4 entity has the money, the entity that has the
5 money lends the money to the entity that needs
6 the money.

7 Q. I understand that. Go ahead.

8 A. And, conversely, it can go back
9 and forth.

10 Q. I understand that, but we've
11 seen, I think, on at least the first American
12 statement, that the alleged originator of funds,
13 right, was something called MAB Investments,
14 right?

15 A. Yes.

16 Q. And MCR, yes?

17 A. Yes.

18 Q. And something called Cash From
19 Borrower?

20 A. Yes.

21 Q. How -- you say that those funds
22 were actually intended to be loans by BCP; is
23 that right?

24 A. Yes.

25 Q. Why?

1 Victoria Carpenter

2 Q. Do you know who negotiated that
3 interest rate?

4 A. I don't know.

5 Q. Do you know if there was any
6 negotiation at all of the interest rate?

7 A. I don't know.

8 Q. Do you know if anybody at AHE
9 made the affirmative decision to be the borrower
10 of this approximately \$4.9 million?

11 MR. SLOSSBERG: Objection to
12 form.

13 THE WITNESS: I don't know.

14 BY MR. MERVIS:

15 Q. Apart from the 12 percent rate
16 of interest that you mentioned, do you know
17 anything else about the terms of this alleged
18 \$4.9 million loan?

19 A. It was an intercompany loan.
20 That's my knowledge of it.

21 Q. I understand. You also
22 understood that there was going to be an
23 interest obligation?

24 A. Yes.

25 Q. Do you know anything else about

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2 the terms of this alleged \$4.9 million loan?

3 A. As an intercompany loan, I did
4 not know anything other than it was an
5 intercompany loan and that's all.

6 Q. That's all?

7 A. Yeah.

8 Q. Where, physically, did the loan
9 funds come from?

10 MR. NAVARRO: Are you asking
11 about the specific loans to Michael?

12 BY MR. MERVIS:

13 Q. The alleged \$4.9 million in
14 loans, where did they come from?

15 A. Various Belfonti entities.

16 Q. Did these entities have bank
17 accounts?

18 A. Yes.

19 Q. Is that where the money came
20 from?

21 A. In part.

22 Q. In part?

23 A. Yes.

24 Q. Which part?

25 A. The amounts from MAB is a line

1 Victoria Carpenter

2 of credit, so the amounts from MAB would have
3 been from a line of credit. The amounts from
4 MCR would have been from MCR Property.

5 Q. Where is MCR located?

6 A. Hamden, Connecticut.

7 Q. Where is MAB located?

8 A. The address is Hamden.

9 Q. And the line of credit is with
10 which institution?

11 A. First County Bank.

12 Q. Where is that located?

13 A. I believe Stamford,
14 Connecticut.

15 Q. Do you know where any of these
16 funds were sent to?

17 A. No.

18 Q. What's Belfonti Holdings LLC?

19 A. It's an entity that was part of
20 the stacked ownership, the various ownership
21 entities that ultimately owned Aruba Hotel
22 Enterprises.

23 Q. Who ran Belfonti Holdings?

24 A. Michael Belfonti.

25 Q. Who owns Belfonti Holdings?

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2 Withdrawn. Did you have any duties or
3 responsibilities with respect to the operations
4 of Belfonti Holdings?

5 A. Could you repeat it?

6 Q. Did you ever act as Belfonti
7 Holdings' controller?

8 A. There wasn't that much
9 happening with Holdings. It was a bank account
10 and things like that. Yes, I would have -- I
11 don't know if I personally did it, but I would
12 have been the one to make sure that certain
13 entries were recorded, if they were related to
14 Belfonti Holdings.

15 Q. In other words, somebody who
16 reported to you may have actually made the
17 entries?

18 A. Yes.

19 Q. But you were actually
20 responsible for making sure those entries got
21 made?

22 A. Yes.

23 MR. MERVIS: I want to take a
24 three-minute break.

25 (A recess was taken.)

1 Victoria Carpenter

2 Q. From where did the money come
3 from?

4 A. I don't recall.

5 Q. Was the money a loan?

6 A. Yes.

7 Q. Who was the borrower?

8 A. AHE.

9 Q. You can put 5 aside.

10 MR. MERVIS: Mark this,
11 please.

12 (People's Bank Statement
13 marked Carpenter Exhibit 6 for
14 identification.)

15 BY MR. MERVIS:

16 Q. Ms. Carpenter, the reporter has
17 placed before you what we have marked for
18 identification as Exhibit 6. It's been redacted
19 a bit, I assume, by the company's lawyers. In
20 any event, do you recognize the portions that
21 are not redacted?

22 A. Yes.

23 Q. What is this Exhibit 6?

24 A. This is a bank statement of
25 Belfonti Holdings LLC.

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2 Q. You'll see there's two line
3 items that are not redacted?

4 A. Yes.

5 Q. What are those -- what do those
6 line items represent? What transaction does
7 that represent?

8 A. \$500,000 wire to Aruba Hotel
9 Enterprises.

10 Q. And People's Bank is located
11 where?

12 A. Main office is Bridgeport,
13 Connecticut.

14 Q. Do you know to what bank
15 account these funds were wired?

16 A. To the best of my knowledge,
17 they were wired to Aruba Hotel Enterprises.

18 Q. Is there anything on this
19 statement that indicates that?

20 A. No.

21 Q. And why do you say to the best
22 of your knowledge the money was wired to AHE's
23 bank account?

24 A. The previous exhibit you gave
25 me had a date July 25th and this disbursement is

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2 (Lunch recess: 12:25 p.m.)

3 (Resumed: 1:15 p.m.)

4 V I C T O R I A C A R P E N T E R, having been
5 previously duly sworn, was examined and testified
6 further as follows:

7 CONTINUED EXAMINATION.

8 BY MR. MERVIS:

9 Q. Ms. Carpenter, did you know
10 that Mr. Michael Belfonti had his deposition
11 taken in this litigation a little while ago?

12 A. Yes.

13 Q. Have you read the transcript of
14 his testimony?

15 A. No.

16 Q. Take a look at Exhibit 5,
17 please, second page.

18 MR. MENCHEL: Did you say 5?

19 MR. MERVIS: I did.

20 BY MR. MERVIS:

21 Q. Do you recognize the e-mail
22 that's in Exhibit 5, of the second page of
23 Exhibit 5?

24 A. Yes.

25 Q. What, generally speaking, is

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2 A. Yes.

3 Q. That covered the December
4 mortgage statement?

5 A. It covered the interest
6 shortfall on the mortgage payment.

7 Q. That allowed Mr. Belfonti to
8 continue to own the hotel?

9 A. Yes.

10 Q. People's Bank is the one based
11 in Connecticut; is that right?

12 A. Yes.

13 Q. The money was sent straight to
14 Wachovia in North Carolina, correct?

15 A. It was wired to Wachovia, to
16 their -- per their wiring instructions, but I
17 don't recall where the funds actually wound up.

18 Q. You can put this aside.

19 MR. MERVIS: Mark this,
20 please.

21 (Wire Detail Report marked
22 Carpenter Exhibit 9 for
23 identification.)

24 BY MR. MERVIS:

25 Q. Ms. Carpenter, the reporter has

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2 placed before you what we've had marked for
3 identification as Exhibit 9. I'll ask you if
4 you recognize the document?

5 A. Yes.

6 Q. What is it?

7 A. It is a confirmation of a wire
8 initiated by MCR Property Management.

9 Q. And --

10 A. Excuse me. It was not
11 initiated by MCR Property Management.

12 Q. Okay. Who was it initiated by?

13 A. Let me just see something.
14 Belfonti Capital Partners.

15 Q. How do you know that?

16 A. I recognize the account number.

17 Q. Where would I see the account
18 number?

19 A. 0807009649.

20 Q. There is some handwriting on
21 this piece of paper. Do you know whose
22 handwriting that is? It could be more than one
23 person?

24 A. I believe it's my handwriting.

25 Q. All three?

1 Victoria Carpenter

2 A. No. The bottom handwriting
3 looks like Marieta's, but I didn't write it, so
4 I can't say for sure. It says 12/16 mortgage
5 AHE.

6 Q. And the other two entries?

7 A. The other two look like my
8 handwriting.

9 Q. Who generates -- generated this
10 wire detail report, if you know?

11 A. The report says user Emily on
12 the upper left-hand corner, one, two, three,
13 four lines down.

14 Q. That would be Emily Rockwell?

15 A. Rockwell.

16 Q. So it's something generated by
17 your office?

18 A. Yes.

19 Q. Do you know if this was sent to
20 Marieta Ras?

21 A. It was sent to Aruba Hotel
22 Enterprises N.V. On the document two-thirds of
23 the way down, it says beneficiary name. It says
24 Aruba Hotel Enterprises N.V.

25 Q. That tells you this piece of
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2 paper was physically sent down to Aruba?

3 A. No, the funds were sent to
4 Aruba.

5 Q. We'll do one thing at a time.
6 In terms of where the funds were sent, if you
7 look up the page a little bit, who was the
8 receiving bank?

9 A. Oh, I'm sorry. The receiving
10 bank was Wachovia.

11 Q. What location were the funds
12 received at?

13 A. Charlotte, North Carolina.

14 Q. By the way, Wachovia's wire
15 instructions didn't change, did it?

16 A. I don't know.

17 Q. What I meant to ask is whether
18 this physical piece of paper, Exhibit 9, was
19 transmitted to Aruba?

20 A. I don't know.

21 Q. So if -- I realize you said you
22 weren't sure, but if the 12/16 notation were
23 Ms. Ras' handwriting, you don't know how she
24 came to make that notation; is that correct?

25 A. That's correct.

1 Victoria Carpenter

2 A. Yeah.

3 Q. Fair enough. There are things
4 like that in life.

5 A. I don't remember the specifics.

6 Q. Who, on behalf of AHE, agreed
7 to be the borrower?

8 MR. SLOSSBERG: Objection to
9 form.

10 THE WITNESS: I don't know.

11 BY MR. MERVIS:

12 Q. Who negotiated the terms of
13 this alleged loan?

14 MR. SLOSSBERG: Objection to
15 form.

16 THE WITNESS: I don't know.

17 BY MR. MERVIS:

18 Q. What were the terms of this
19 loan?

20 MR. SLOSSBERG: Objection to
21 form.

22 BY MR. MERVIS:

23 Q. The money originally came out
24 of, I think you said, the Constance E. Belfonti
25 Irrevocable Trust?

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2 A. Yes.

3 Q. Where is that located?

4 MR. SLOSSBERG: Objection to
5 form.

6 THE WITNESS: I don't know
7 what that means, where is it located.

8 BY MR. MERVIS:

9 Q. Is the trust -- does it reside
10 in some state in the United States?

11 A. Connecticut, I believe.

12 Q. And Ms. Belfonti, where did she
13 live back in January of 2007?

14 A. Connecticut.

15 Q. The money ultimately wound up
16 with Wachovia in North Carolina; is that right?

17 A. Yes.

18 (An off-the-record
19 discussion took place.)

20 (A recess was taken.)

21 BY MR. MERVIS:

22 Q. Looking at the first page of
23 Exhibit 14, the second entry, the one we didn't
24 look at before, do you know what that -- do you
25 know what transaction that entry relates to?

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2 please.

3 (Letter dated September 29,
4 2006 marked Carpenter Exhibit 20 for
5 identification.)

6 BY MR. MERVIS:

7 Q. Ms. Carpenter, you have been
8 handed by the reporter what we've had marked for
9 identification as Exhibit 20. I'll direct your
10 attention first to what appears to be a cover
11 letter, or maybe a copy of a cover letter, from
12 you to Situs. Do you see that?

13 A. Yes.

14 Q. Is this something you wrote,
15 the first two pages?

16 A. Yes.

17 Q. The address at the top, Aruba
18 Hotel Enterprises N.V., what is that address?

19 A. The Hamden office in
20 Connecticut.

21 Q. That's the home office for all
22 the various Belfonti companies?

23 A. Yes.

24 Q. Why did you use that office as
25 opposed -- why did you use that address as

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2 opposed to the actual address of Aruba Hotel
3 Enterprises in Aruba?

4 A. Because the -- it was just
5 practice that all our entities, we would have --
6 use the same address as the home address so we
7 could receive correspondence or whatever.

8 Q. Go to the second page, please.
9 The first paragraph on that page, you write,
10 "During this time of major transition, we are in
11 the process of implementing an entirely new
12 accounting and hotel management system,
13 including hardware and software." Do you see
14 that?

15 A. Yes.

16 Q. Who is the "we" you are
17 referring to in that sentence?

18 A. The accounting department at
19 the hotel in Aruba.

20 Q. So AHE?

21 A. Not AHE as in -- it was the
22 division of AHE, which is the hotel, and the
23 hotel was getting completely new accounting
24 software, et cetera, from Starwood to comply
25 with Starwood requirements.

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2 Partners. Do you see that?

3 A. Yes.

4 Q. Now the number is at around
5 8.5 million. Do you see that?

6 A. Yes.

7 Q. Do you know how the number
8 increased from -- what was the last one we
9 looked at?

10 A. 8.1.

11 Q. From 8.1 to 8.5?

12 A. No.

13 Q. Did you review -- did you --
14 prior to today -- withdrawn. When was the last
15 time that you reviewed all of the balance sheets
16 for AHE that you have?

17 A. Probably a year ago.

18 MR. MERVIS: I need about ten
19 minutes to review my notes. Then
20 I'll let you know if I have anything
21 else.

22 (A recess was taken.)

23 BY MR. MERVIS:

24 Q. What you describe as
25 intercompany loans that we have been discussing

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1 Victoria Carpenter

2 today, these are not the only intercompany loans
3 that have been made since you have been working
4 for the Belfonti group of companies; is that
5 right?

6 A. That's correct.

7 Q. Would you describe it as a
8 fairly common practice?

9 A. Yes.

10 Q. Have there been instances,
11 Ms. Carpenter, where money that was loaned by
12 one Belfonti entity to another Belfonti entity
13 was thereafter repaid?

14 A. Yes.

15 Q. First of all, who determines --
16 in your experience, who determines whether a
17 repayment should be made?

18 A. It boils down to cash
19 available, cash requirements between entities.

20 Q. So, if an entity is a recipient
21 of an intercompany loan within the Belfonti
22 group of companies and at some later point it
23 finds itself with a good deal of cash on hand,
24 that would be a situation where it would repay
25 the intercompany loan?

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1 Victoria Carpenter

2 A. It would not necessarily happen
3 that at any time the total intercompany loan
4 would be paid. It could be paid in small
5 amounts or large amounts.

6 Q. Who makes the decision about
7 that sort of thing, small amounts, large
8 amounts, timing of repayment?

9 A. Emily and me and Richard
10 would -- do look at the cash balances at least
11 weekly, sometimes more often, cash balances and
12 cash requirements. We would look at them weekly
13 or more often and see where the money was and
14 where it was needed, and we would transfer
15 accordingly.

16 Q. I see. How come AHE never paid
17 back any part of what you say were monies loaned
18 to it?

19 A. At that time the -- there was
20 not extra cash.

21 Q. Do you know if there is any
22 cash today?

23 A. I have no idea.

24 Q. Has -- to your understanding,
25 has any borrower in a Belfonti intercompany loan

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